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ACTION EB-08

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TAGS: ETRD GATT

SUBJECT: APRIL 27, 1978 MEETING OF THE GATT

INTERNATIONAL MEAT CONSULTATIVE GROUP

1. THE GATT INTERNATIONAL MEAT CONSULTATIVE GROUP
HELD THEIR TENTH MEETING ON APRIL 27, 1978. THERE
WAS AN EXCHANGE OF INFORMATION ON MEAT PRODUCTION
AND TRADE PROSPECTS IN SELECTED COUNTRIES. AN
INTERESTING PRESENTATION OF SOVIET MEAT SUPPLY
AND IMPORT FORECASTS WAS GIVEN BY A REPRESENTATIVE
OF THE OECD.

2. AUSTRALIA FELT THAT THEIR CATTLE INDUSTRY WOULD
MOVE DEEPER INTO RECESSION IN 1978. INFLATION, THE
LARGE SIZE OF THE CATTLE HERD, TIGHT LIQUIDITY AND LACK
OF SIGNIFICANT IMPROVEMENT IN OVERSEAS DEMAND MIGHT
CAUSE A REPEAT OF 1977 WHEN 35 PERCENT OF THE BEEF
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PRODUCERS HAD NEGATIVE INCOMES. DEVELOPMENTS IN THE
U.S. MARKET AND SALES TO EASTERN EUROPE AND THE USSR
WOULD BE KEY FACTORS IN THIS YEAR'S EXPORT PICTURE.
HOWEVER, THE SOVIETS HAD NOT YET GIVEN ANY CLEAR
INTENT TO BUY BEEF FROM AUSTRALIA.

3. ARGENTINA FORECAST LARGE BEEF PRODUCTION THIS YEAR

AS A RESULT OF AN INCREASE IN CATTLE INVENTORIES LAST YEAR. BEEF PRICES ARE EXPECTED TO CONTINUE AT LOW LEVELS BECAUSE OF WEAKNESS IN THE EXTERNAL SECTOR. EXPORTS FOR 1978 WERE FORECAST AT 600,000 TONS (CARCASS WEIGHT) A FAIRLY MODEST VOLUME IN RELATION TO TRADITIONAL SHIPMENTS. AN IMPORTANT ELEMENT IN EXPORTS HAS BEEN THE INCREASE IN DEMAND FROM COUNTRIES OTHER THAN THE U.S. AND EC, SUCH AS SPAIN, PORTUGAL, GREECE, NORTH AND WEST AFRICA, AND THE SOVIET UNION.

4. THE DELEGATE FROM THE ECE REPORTED THAT SOVIET MEAT PRODUCTION IN 1977 HAD INCREASED BY 8.8 PERCENT. SINCE THE SOVIETS DO NOT BREAK OUT PRODUCTION BY TYPE OF MEAT, HE HYPOTHESIZED THAT THE MAJOR GROWTH HAD BEEN IN PORK AND POULTRY OUTPUT FOR WHICH HE ESTIMATED 16 AND 16 PLUS PERCENT GROWTH RATES, RESPECTIVELY. HE BELIEVED BEEF AND VEAL OUTPUT HAD INCREASED BY ONLY ABOUT 1 PERCENT BECAUSE CATTLE INVENTORIES IN THE JANUARY 1978 CENSUS AT 112.5 MILLION HEAD WERE 2 PERCENT HIGHER. THEREFORE, LARGER 1977 SLAUGHTER COULD NOT HAVE TAKEN PLACE. BASED ON BEGINNING 1978 INVENTORY LEVELS, FURTHER GROWTH IN BEEF AND VEAL PRODUCTION WAS FORECAST FOR 1978, AN 8 PERCENT INCREASE IN PORK OUTPUT AND A LARGER THAN 8 PERCENT INCREASE IN POULTRY PRODUCTION. SOVIET REPORTS OF SLAUGHTER ON STATE AND COLLECTIVE FARMS FOR JANUARY SEEMED TO CONFIRM THAT FOR THE FIRST HALF OF THE YEAR, PIG AND POULTRY OUTPUT WOULD INCREASE SIGNIFICANTLY. LIMITED OFFICIAL USE

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IN THE SECOND HALF, THE RATE OF INCREASE COULD SLOW CONSIDERABLY BUT OVERALL OUTPUT IS EXPECTED TO BE SIZEABLE. IN VIEW OF LARGE MEAT SUPPLIES, THE SOVIETS COULD STILL BE EXPECTED TO IMPORT POULTRY FROM EASTERN EUROPE IN 1978, SOME SHEEPMET AND SOME BEEF AND VEAL BUT IN THE LATER CASE PERHAPS ONLY IN TERMS OF CONTRACTS. OVERALL, A MEAT IMPORT VOLUME OF 100,000 - 150,000 TONS WAS ENVISIONED BY THE ECE DELEGATE RATHER THAN SECRETARIAT FORECASTS OF 250,000 TONS.

5. THE EC EXPECTS A SLIGHT DECLINE IN BEEF AND VEAL PRODUCTION IN 1978 AND A CERTAIN FIRMING OF PRICES. INTERVENTION ACTION IS EXPECTED TO BE BELOW THE 1977 LEVEL. BEEF IMPORTS (LIVE CATTLE ON A CARCASS WEIGHT BASIS AND FRESH, CHILLED OR FROZEN BEEF) ARE LIKELY TO BE ABOVE 1977'S 342,000 TONS AND EXPORTS ABOUT EQUAL TO LAST YEAR'S 140,000 TONS. IF DEVELOPMENTS IN FEED GRAINS FOLLOW THE NORMAL TREND, PORK PRODUCTION COULD INCREASE BY 2 PERCENT IN 1978.

6. THE U.S. REPORT WAS PREPARED FROM ESCS'S APRIL LIVESTOCK AND MEAT REPORT.

7. THE NEXT MEETING OF THE MEAT CONSULTATIVE GROUP
WILL BE HELD AT THE END OF OCTOBER.VANDEN HEUVEL

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